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ARGENTINA PROJECT (S200000044)

U.S. DEPT. OF STATE, A/RPS/IPS

Margaret P. Grafeld, Director

(X) Release ( ) Excise ( ) Deny

Exemption(s):

Declassify: ( ) In Part (X) In Full

( ) Classify as ( ) Extend as ( ) Downgrade to

Date Declassify on Reason

MEMORANDUM OF CONVERSATION

DATE: March 2, 1979

PARTICIPANTS: Emilio Hardoy, Managing Editor of La Prensa, his son Ingeniero Emilio Hardoy, and IO John Corr

SUBJECTS: Army Infighting; Martinez de Hoz and his Team

PLACE: American Club, Buenos Aires

Hardoy is a much respected conservative and one of Argentina's most distinguished democrats. He said:

Last October, First Army Corps forces arrested a man by the name of Carabassa, son-in-law of General (ret.) La Prida, who had been on the board of directors of the Banco de Hurlingham, which at one time was owned by Graiver. La Prida is Hardoy's nephew. The First Army Corps officers tried to get Carabassa to give evidence against Harguindeguy, saying they would let Carabassa free as soon as he gave such evidence. The "evidence" they were looking for evidently had something to do with the fraud charges made in connection with the closing of the bank. The investigating officers gave the impression they were trying to get at Videla through Harguindeguy. Carabassa held out for 70 days in Army confinement. At one time, he was placed in a cramped, windowless cell, where he was fed once a day. Finally, the Army turned him over to a civil judge, who declared him innocent of any charge after 20 more days of confinement.

In a related episode, a lawyer friend of Hardoy's was called in on the Hurlingham case before a military court in the Campo de Mayo. His secretary was held by the Army and released. The lawyer was released after an investigation. He did not know he was cleared until he was called to the Campo de Mayo where a Colonel Rualdes kissed him on both cheeks, displayed a pistol stuck in his belt and said the pistol was "an order" of the cleared lawyer.

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The Martinez de Hoz economic team is corrupt. Tariffs on school books have not been lowered -- as have other tariffs -- because Commerce Secretary Estrada owns a firm that prints them. Banco de La Nacion President Ocampo was investigated and was found to have given his father's bank, the Banco Ganadero, loans at a low rate which enabled the father to take this government money and lend it at a higher rate. This news was not published because of the unusual state of affairs caused by the Beagle crisis. Many banks are lending money they are supposed to maintain in reserve (under government regulations), receiving interest from those who borrow the money and from the government, which pays interest to compensate the banks for not lending the reserves. Hardoy is trying to obtain a copy of the Soda Solvay contract from the government to find out who is making how much as middlemen on this deal.

A highly placed source told him that Cardinal Samore told Argentine Vatican Ambassador Blanco that the Argentine negotiating team should have "neither women nor generals".

Massera told Gainza Paz (La Prensa publisher) in Punta del Este recently that the rumor that he had had Holmberg killed came from the Casa Rosada.

A joke is going around town to the effect that at a recent cocktail, an Argentine approached Ambassador Castro to say that on a recent visit to the U.S., he was advised to stay off the streets at night because they were dangerous. This Argentine, who apparently was trying to somehow embarrass the Ambassador on the human rights question, stressed how much safer Argentina was, despite human rights "violations". The Ambassador replied that, yes, there was a crime problem in some cities; however, Americans who did not go out on the streets at night WERE SAFE IN THEIR HOMES.

*True -  
the rumor  
is  
probably  
true*

cc:  
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